

**Consideration of a Review Process for KHPA
Joint Health Policy Oversight Committee**

DRAFT on March 18, 2009

The legislation creating the Kansas Health Policy Authority (KHPA) also created the Joint Health Policy Oversight Committee. This Committee has the exclusive responsibility to monitor and study the operations and decisions of KHPA.

Effective legislative oversight can be useful in both monitoring the overall direction and progress of the agency, as well as anticipating problems and addressing them as they arise. The legislation creating the agency provides for it to sunset on July 1, 2013. So it is certainly appropriate to examine the performance of the agency over time and in plenty of anticipation of the legislative decision about continuation of the agency beyond its original sunset date.

In developing an oversight process, it is important that the process be perceived by stakeholders as fair, specific, measurable, credible and likely to produce meaningful results. The process should follow general principles of effective oversight to ensure objectivity, transparency and integrity of results.

While the Committee should have a broad and comprehensive vision of its oversight role, the process for carrying out that vision must be pragmatic and specific. It also must be consistent with the statutorily created role of the KHPA Board of Directors. In defining the oversight role, a clear understanding by all parties of the expectations and guidelines for the agency's overall operation and performance is necessary. This perspective then allows the Committee to identify what specific topics are of high priority for their oversight attention. Other aspects of agency operation can be relegated to more routine accountability. The information necessary to carry out the oversight function can be provided to the Committee by many different entities, including the agency itself, other agents of the legislature (e.g., LRD, LPA, Revisor), other state entities (e.g., Inspector General, Attorney General) and outside parties (e.g., consultants, vendors).

There are two primary approaches for obtaining the information necessary for oversight: the information specifically requested by the Committee and provided by the agency; and, the information obtained through directed reviews selected by, and carried out under the authority of, the Committee.

Agency Provision of Requested Information

KHPA currently provides information on its activities and accomplishments to the Committee in many forms. These include the agency's strategic plans, annual reports, legislative activity reports, responses to studies directed to them by the legislature and others. The Committee, however, has not specifically directed the agency to provide information about certain activities and performance that are of interest to them. Developing specific benchmarks of agency function and effectiveness to be reported through these written reports and agency testimony

before the Committee would be very useful. This could be done through a cooperative process that balances the interests of the Committee, the processes in place at KHPA, the availability and reliability of the data needed, and the resources necessary to provide the data.

Specific Reviews of Agency Function and Effectiveness

From all of the many potential topics for more focused oversight, the first step is to narrow the specific questions so they are answerable, and then to prioritize them. Once the topics for review are defined and prioritized, there is a relatively standard process for developing and conducting an effective review process. This includes such steps as identifying the specific objectives of the review, developing a scope of work and the specific questions to be answered, identifying the appropriate methodology for conducting the review, identifying limitations of the review and developing a timeline, budget and list of deliverables. This process is more fully described in an attached memo.

Based on input from Committee members, the following list of specific topics that could be considered for review was developed. It is neither a complete nor a final list of recommended topics. Rather, it is a representative list of the issues raised by Committee members for their additional consideration:

1. Clarify Expectations of the Agency. An appropriate starting point for oversight activity would be a review of the enabling legislation and subsequent modifications to the statute, as well as communications or other directives from the Legislature to KHPA. To what extent, if any, has the enabling legislation, or subsequent direction from the Legislature, created ambiguity about expectations and roles? A review and documentation for all parties of the established expectations and goals for the agency and its board would be very useful in beginning this process.
2. Examine the Structure and Staffing Given Its Mandate. KHPA was specifically created in order to better integrate the development of policy on health care purchasing with that of public health programs. How is the agency structured and staffed to make that primary objective most likely to be achieved? How are the health care purchasing and public health areas of the agency structured, and what are the processes in place to ensure coordination of these areas? How does KHPA carry out its role in health care purchasing and public health given that other agencies have related and sometimes overlapping responsibilities?
3. Role of KHPA as Single State Agency for Medicaid. Relating to Medicaid in particular, a primary objective was to better coordinate the various aspects of Medicaid policy development and compliance. How has KHPA coordinated with other agencies which still have major responsibilities related to certain areas of Medicaid? What are the structures, policies and procedures in place to perform this function? For example, with SRS in its role with the waiver and mental health programs, and with Aging and its programs for the elderly. What are the examples of efficiencies gained? And what inefficiencies remain to be addressed? How has the view of the federal government on our compliance changed since KHPA has launched?

4. Coordination of Health Care Purchasing Outside of Medicaid. In addition to Medicaid, one objective of creating the KHPA was to better coordinate health care purchasing for the state overall. How has KHPA worked with other agencies to be better purchasers of health care on behalf of the state (e.g., corrections, JJA, education, etc.)? Has this activity resulted in more cost effective purchasing of health care on behalf of the state? Can the savings to the state be measured or estimated?
5. Staff Recruiting and Retention in Key Roles at KHPA. KHPA was established with specific allowances to support its ability to hire staff with the expertise necessary to run a large health insurance and health care operation (e.g., hiring staff as non-classified state employees). What has been the experience of the agency in recruiting and retaining qualified personnel? What explains the findings to this question? Are KHPA salaries consistent with market value among other state agencies? Among other private sector organizations with whom they compete for qualified staff? Are there other factors that have influenced retention?
6. Administrative Costs of KHPA. What has KHPA done specifically to address administrative costs of running the agency? How do the current administrative costs of KHPA compare to the previous administrative costs in Kansas that predated its establishment? How do they compare to the administrative costs of other state Medicaid agencies? To the administrative costs of other health insurance providers in the private sector?
7. Cost Containment and Program Management Within Medicaid. What activities has KHPA undertaken that specifically address cost containment within Medicaid? Are there other activities that have been completed or are underway to improve efficiency, enhance quality or increase transparency of the Medicaid program? How do these activities compare to the known best-practices of other states? Can the savings to the state be measured or estimated?
8. Management of the State Employee Health Plan (SEHP). What efforts have been undertaken by KHPA to reduce health care costs in the SEHP? What efforts have been undertaken by KHPA to enhance quality of care, service delivery, program efficiencies, and transparency? What efforts have been undertaken by KHPA to promote the health of state employees? How has KHPA addressed program oversight and integrity in the SEHP? How has the existence of the Health Care Commission affected the ability of KHPA to carry out its responsibilities related to the SEHP?
9. Data Coordination, Management and Use. Another important responsibility assigned to KHPA is that of coordination, management and use of data to improve quality and reduce costs. What are the structures, policies and procedures in place to accomplish these objectives? How have these changed since the launch of KHPA? What are the short term plans for additional improvements in the agency's management of health data in the state? What has been done to prepare Kansas for the increasing emphasis on HIT/HIE at the federal level?

Suggested Process for Point-in-Time Program Reviews of KHPA

DRAFT on March 18, 2009

Guiding Principles

To ensure that the results of the Kansas Health Policy Authority (KHPA) review are seen as creditable, nonpartisan, and a contribution to policy discussions and decisions a process based on the following guiding principles should be considered.

Objectivity – This review should be objective and the process should provide an opportunity for input and critical feedback; however, it should also allow reviewers to conduct the study independently.

Transparency – This review should be transparent to the legislature, Governor, KHPA board, and KHPA leadership. All interested parties should know the objective of the review, the scope, issues being addressed, and methods used to render conclusions and recommendations. The agency should have an opportunity to understand the results and respond to the findings and recommendations.

Appropriate Scope – The review should focus on the agency as a whole and not focused on individual performance or legal concerns of impropriety. If there are individual performance issues or legal concerns they should be addressed through established processes within state government (e.g. KHPA Board or Attorney General).

Integrity of Results – The review should answer questions that can be addressed through factual information, whenever possible. When conclusions are based on individual perception or evaluative judgment the limitations of these conclusions should be clearly noted. The conclusions should be fair and balanced noting both successes of the organization and opportunities for improvement.

Point-in-Time Review Process

Step 1. Develop a scope that is fair, precisely stated, measurable, reasonable, and would produce meaningful results. Step 1 timeframe could be 2-3 weeks.

Step 2. Planning Process – Step 2 timeframe could be 1-2 months.

- A. Review documentation that addresses the creation, structure, and budget of the KHPA. Also review documentation of established expectations and goals for the agency, board and legislature.
- B. Identify tentative questions and potential evidence to address the scope of the review.

- C. Meet with leadership of KHPA, members of the KHPA board, Governor, and members of the Joint Health Policy Oversight Committee.
- D. Take whatever other steps necessary to develop a solid study design.

Step 3. Designing the Review – Step 3 timeframe could be 1-2 months.

- A. Develop a study design that clearly defines the following
 - a. Objective of the review
 - b. Scope
 - c. Questions to answer
 - d. Methodology including the data needed and the analysis plan
 - e. Limitations of the review
 - f. Schedule
 - g. Budget
 - h. Deliverables
- B. Provide a copy of the design to the members of the Joint Health Policy Oversight Committee for review and comment and meet with them to review the design and answer questions.
- C. Provide a copy of the design to the leadership of the Kansas Health Policy Authority for review and comment and meet with them to review the design and answer questions.
- D. Provide a copy of the design to the leadership of the Kansas Health Policy Authority Board for review and comment and meet with them to review the design and answer questions.
- E. Provide a copy of the design to the Governor or her designee for review and comment and meet to review the design and answer questions.
- F. Incorporate all appropriate changes to the design.
- G. Provide a final design to the KHPA leadership, KHPA board, Governor, and members of the Joint Health Policy Oversight Committee.
- H. All input to change or modify the review would be final to ensure that the process remains objective, transparent, and independent.

Step 4. Conduct the review consistent with the design. If the review team determines there is a need to make a significant change in the design, all four groups noted above will be notified of the change and be provided a reason for the change. During the time of the review the all information and potential findings will not be share. Preliminary results would not be given. Step 4 timeframe is depends on the scope of the project.

Step 5. Report Review Step 5 timeframe could be 1-2- months.

- A. The review team will write a report that clearly identifies the objective of the review, provides an overview of methodology, presents findings based on evidence, identifies limitations of the findings, and provides recommendations that flow from the findings.

The report would also include an executive summary that briefly addresses the sections noted above.

- B. A draft report would be sent to the leadership of KHPA for their review and comment. Then the review team would meet with them to discuss the draft report.
- C. KHPA would be allowed a predetermined amount of time to provide two types of comments, those that are technical and comments addressing the findings and recommendations. The appropriate changes needed based on the technical comments will be incorporated in the final report comments on the finding and recommendation will become an appendix to the final report.
- D. The final report would be sent to the Joint Health Policy Oversight Committee, the Governor, the KHPA Board, and KHPA leadership.
- E. The review team would meet with the four groups noted above upon request.

**Recommendations and Timeframe for an Oversight Process
Joint Health Policy Oversight Committee**

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Recommendations

Between 2009 and 2010 Legislative session

1. Clarify Expectations of the Agency. Conduct a review that will determine to what extent the enabling legislation and subsequent modifications to the statute, as well as communications or other directives from the Legislature to KHPA, may have created ambiguity about expectations and roles. A scope, timeline and budget could be developed before the end of the 2009 legislative session, and the review completed before the 2010 legislative session.
2. Develop Benchmark Performance Indicators. Develop a list of benchmark performance indicators, collaboratively with KHPA, that the agency will be required to report to the Committee on a schedule to be determined. The selected indicators should draw on those already identified by the agency and included in their recently developed Kansas Health Indicators and 2009-2012 strategic plan. They also should reflect the interests and expectations of the Committee.
3. Develop Plan for Reporting. Develop a plan for KHPA to report on benchmark performance indicators and selected legislative expectations. This information could be reported in the Annual Report, other reports to the Committee, in testimony, or a combination of these.

During each legislative session from 2010 – 2013

4. KHPA Reports Information. KHPA reports to the legislature, in accordance with the plan established above.
5. Identify Reviews. The Joint Health Policy Oversight Committee could identify and authorize one to two specific reviews, from the list of identified topics or of other topics that are determined to be of interest to the Committee. Develop a short-term and long-term priority order for their completion.

The information from these reviews, the agency reporting and other sources will be useful to the legislature in considering the continuation of the agency beyond the originally scheduled sunset on July 1, 2013. This process should balance the resource requirements of the Committee, KHPA, LPA and others to conduct the reviews with their urgency and value to the Committee.